

Re: Docket No. R-1286

Dear Sir or Madam,

UMB Financial Corporation appreciates the opportunity to comment on the regulations proposed by the Board. UMB Financial Corporation is a multi-bank holding company with approximately \$9 billion in total assets. Headquartered in Kansas City, Mo., UMB offers complete banking, asset management and related financial services to both individual and business customers nationwide. Its banking subsidiaries own and operate 141 banking centers throughout Missouri, Illinois, Colorado, Kansas, Oklahoma, Nebraska and Arizona.

First, we would like to commend the Board for its detailed and painstaking approach to revising Regulation Z. As consumers are the class of persons with which Regulation Z was intended to benefit, it make immense sense to conduct focus groups with them to poll what they believe works best. Their feedback is critical to ensuring the law truly works for them. That said, we have some reservations about the proposal, and we would like to address a few aspects of it.

1. Implementation Period.

We would recommend that the Board allow one year, or, at a minimum, no less than nine months, for institutions to comply with the finalized regulations. The proposed changes are extensive and cover numerous departments within each organization. Institutions will be required to plan, coordinate, and make changes and testing before feeling comfortable that they are in compliance. This is normally a six month process when minor changes are being made. As mentioned, with such extensive changes across numerous areas, one year would be necessary.

2. Changes in Consumer's Interest Rate.

We understand the Board's desire to give consumers an opportunity to find alternative financing before facing interest rate increases. We believe, however, that it is important to differentiate between sources of default when implementing penalty pricing, for a couple of reasons. In the case of so called universal default, customers may unwittingly be caught with a higher interest rate based upon actions outside their control. The consumer has no control of what information other creditors provide to credit reporting agencies, including whether or not that information is accurate. The same can be said for over limit default, whereby a fraudulent charge may increase a credit card balance to a level unknown by the customer.

We believe that delinquency with the imposing creditor should be treated differently, though. First, whether or not a customer makes payments on or before the due date is an event solely within the consumer's control. Second, and more importantly, the proposal increases the visibility of penalty pricing that should eliminate confusion about the practice. The proposal changes the disclosure requirements by requiring that the penalty pricing triggering information be inside the tabular box. Further, the proposal requires creditors to disclose, in close proximity to the due date, the amount of the

late fee and the penalty APR that would be triggered by late payment. We believe this later requirement provides ample notice to the consumer of the ramifications of paying late. More importantly, this is disclosed to the consumer every month, as a continuing reminder. As such, we feel the final rule should recognize that penalty pricing, due solely to a delinquency with that creditor, be excluded from any requirement to provide advance notice before imposing a penalty rate.

We at UMB again state our appreciation for the opportunity to comment on the proposed Regulations. We sincerely hope that our comments will be given great consideration towards further refining Regulation Z.

Sincerely,

Nance McFarland
Vice President and Bank Compliance Manager